

Peter J. Brown

From: Michael McGill <mmcgill@adamsferrone.com>
Sent: Saturday, February 1, 2020 2:54 PM
To: Peter J. Brown
Subject: Re: Costa Mesa Fire - side letter proposal - City Counteroffer January 28, 2020

My team has authorized me to issue one last counter of a 7 day work period in exchange for an 18 month contract extension.

Sent from my iPhone

On Feb 1, 2020, at 5:57 AM, Peter J. Brown <pbrown@lcwlegal.com> wrote:

Mike

Probably yes.

Peter

Sent from my iPad

On Feb 1, 2020, at 5:30 AM, Michael McGill <mmcgill@adamsferrone.com> wrote:

If I get a counter to you over the weekend, can it be taken to the next council meeting?

Mike

From: Peter J. Brown [mailto:pbrown@lcwlegal.com]
Sent: Tuesday, January 28, 2020 2:52 PM
To: 'Michael McGill'
Subject: Costa Mesa Fire - side letter proposal - City Counteroffer January 28, 2020

Mike:

Attached is the City's response, in the form of a counteroffer to the Association's proposal from January 17. We look forward to the Association's response.

Peter

Peter J. Brown | Partner

<image001.png>

6033 W. Century Boulevard, 5th Floor
Los Angeles, CA 90045
direct: 310.981.2030 | main: 310.981.2000
cell: 310.923.0320 | fax: 310.337.0837
pbrown@lcwlegal.com | [vCard](#) | [bio](#) | [website](#)

<image002.jpg>

<image003.jpg>

<image004.png>

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From: Peter J. Brown

Sent: Saturday, January 18, 2020 10:33 AM

To: 'Michael McGill' <mmcgill@adamsferrone.com>

Subject: Costa Mesa Fire - side letter proposal

Mike:

Thanks for your proposal. I appreciate the dialogue, your explanation of the Association's position and your narrowing of the issues.

I will get back to you.

Peter

Peter J. Brown | Partner

<image001.png>

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From: mmcgill@adamsferrone.com [<mailto:mmcgill@adamsferrone.com>]
Sent: Friday, January 17, 2020 4:15 PM
To: Peter J. Brown <pbrown@lcwlegal.com>
Subject: Costa Mesa Fire - side letter proposal

Hello Peter. Please see the attached proposal and let me know if you have any questions.

Mike

MICHAEL A. MCGILL
ADAMS, FERRONE & FERRONE
4333 PARK TERRACE DRIVE, #200
WESTLAKE VILLAGE, CALIFORNIA 91361
OFFICE: (805) 373-5900
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MMCGILL@ADAMSFERRONE.COM

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**Fiscal Impact Analysis for Transparency in Labor Negotiations
Cost of Costa Mesa Firefighters Association (CMFA) Contract
Based on Fiscal Year 2019-20 Budgeted and 2018-19 Actual Costs
CMFA Proposal Dated 02/01/2020 (CMFA Proposal #4)**

	Value of Pay/ Benefit	Estimated FY 19-20 Cost Based on 2017 Data (9)	Base Summary Existing Contract FY 19-20 Cost to City (1)	Cost to City				Existing Unfunded Liability	Projected Unfunded Liability	Existing Funded Liability	Projected Funded Liability
				Current MOU Years		Extension Years					
				FY 19-20 Cost to City	FY 20-21 Cost to City	FY 21-22 Cost to City	FY 22-23 Cost to City (11)				
Base Salary (8)		\$ 8,072,396	\$ 8,089,336	\$ 8,089,336	\$ 8,089,336	\$ 8,089,336	\$ 8,089,336				
Pension / Retirement Benefits (2)	3.0% @ 50	6,445,237	7,562,098	7,562,098	8,202,903	8,808,903	9,326,903	\$ 72,484,330 (2)	\$ 72,484,330	\$ 118,560,968 (2)	\$ 118,560,968
	2.0% @ 50	Included Above	Included Above	Included Above	Included Above	Included Above	Included Above				
	2.7% @ 57	Included Above	Included Above	Included Above	Included Above	Included Above	Included Above				
Cafeteria Plan Benefits	\$25,428/month	1,856,244	2,008,812	2,008,812	2,008,812	2,008,812	2,008,812				
Bilingual Pay	5.00%	124,122	133,392	133,392	133,392	133,392	133,392				
Bilingual Pay	2.50%	19,746	22,232	22,232	22,232	22,232	22,232				
Certification Program (7)	varies	651,860	651,860	651,860	651,860	651,860	651,860				
Fire Administration Assignment	10.00%	12,840	12,841	12,841	12,841	12,841	12,841				
Paramedic Pay (8)		21,871	264,276	264,276	264,276	264,276	264,276				
Uniform Pay	\$442	0	26,078	26,078	26,078	26,078	26,078				
Holiday Allowance	134.4 hrs/year	323,113	385,852	385,852	385,852	385,852	385,852				
Longevity Pay	frozen	2,268	2,760	2,760	2,760	2,760	2,760				
Tuition Reimbursement	\$1,500/year	18,250	18,250	18,250	18,250	18,250	18,250				
Estimated Costs:											
Medicare	1.45%	132,525	136,757	136,757	136,757	136,757	136,757				
Retiree Medical (3)	6.04%	494,886	494,886	494,886	494,886	494,886	494,886				
Built-In Overtime (4)	78.21 hrs/yr	474,926	474,926	0	0	0	0				
	121.66 hrs/yr	0	0	1,002,621	1,002,621	1,002,621	1,002,621				
Excess Overtime (5)		1,755,353	2,685,483	2,685,483	2,685,483	2,685,483	2,685,483				
OT Impacts of Flores Case		538,355	538,355	538,355	538,355	538,355	538,355				
Excess Accrual Payoff / Cash Outs (6)		39,475	95,877	95,877	95,877	95,877	95,877				
Subtotal		\$ 20,983,467	\$ 23,604,072	\$ 24,131,767	\$ 24,772,573	\$ 25,378,573	\$ 25,896,573				(11)
True-Up of Pension Estimates to Actual Costs		1,116,861	-								
True-Up of Overtime Estimates to Actual Costs		930,130	-								
True-Up of Other Estimates to Actual Costs		573,614	-								
Total		\$ 23,604,072	\$ 23,604,072								
Annual \$ Increase											
				\$ 527,695	\$ 640,805	\$ 606,000	\$ 518,000				
Annual % Increase				2%	3%	2%	2%				
Total Contract Increase											
Total Number of Employees											
		73	79	79	79	79	79				

**Fiscal Impact Analysis for Transparency in Labor Negotiations
Cost of Costa Mesa Firefighters Association (CMFA) Contract
Based on Fiscal Year 2019-20 Budgeted and 2018-19 Actual Costs
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Notes:

- (1) - Cost of Contract per item based on FY 2019-20 Adopted Budget and in some cases, FY 2018-19 expenses (actuals). There are no further base salary increases in the existing contract.
- (2) - A number of changes have been made over the past three years by CalPERS that have caused an increase in annual PERS costs that were unanticipated at the time the COIN analysis was completed in 2017. These include changes to a number of key assumptions when calculating the Net Pension Liability, including the reduction of the discount rate and a decrease in the amortization period. The liability amounts are from the June 30, 2018 CAFR for the City's Safety Fire Plan. Future pension costs were derived using projected contribution rates from the FY 2019-20 Adopted Budget.
- (3) - Rate per employee is not explicit in the contract, however is calculated based on the previously calculated annual required contribution (ARC) calculated by Nyhart, an independent actuary. In FY 2018-19 the City implemented GASB 73 which changed the reporting standards for retiree medical. To remain consistent, we will use the amounts in the COIN analysis.
- (4) - For a 28-Day work period, there are 78.21 built-in FLSA overtime hours owed per employee per year. For a 7-Day work period, there are 165.11 built-in FLSA overtime hours. (Analysis per Liebert, Cassidy Whitmore)
- (5) - Excess overtime is not implicit in the contract, however is estimated based on the amount spent in FY 2018-19 less the built-in overtime amounts above and overtime reimbursed by 3rd parties totaling \$197,584. Calculation used in the previous COIN analysis was based on adopted budget at that time. Over the last 5 years, the Fire Department has been working towards reducing overtime costs and has been successful in bringing the amount closer to the budget amount.
- (6) - Excess Accrual Payoff / Cash Out is not explicit in the contract, however is estimated based on the amount spent in FY 2018-19. The amount used in the previous COIN analysis was based on the budgeted amounts at that time. Amount could include payoff of accrued hours upon separation.
- (7) - Certification pay was held level with the amount used in the previous COIN analysis. This amount will fluctuate based on the certificates each employee receives.
- (8) - The City has changed its budgeting for Paramedic Pay since the previous COIN analysis was completed. Previously, the Paramedic Pay was included in the Base Salary line, with the exception of recertifications. Currently, the Paramedic Pay is budgeted for separately.
- (9) - This represents the estimates projected for Fiscal Year 2019-20 from the COIN analysis completed when the current MOU was negotiated in 2017.
- (10) - This column represents a full year of costs, even though the proposal includes an 18-month extension through December 31, 2022. This was done to keep the costs on an annual basis.

Council Member Acknowledgement:

Katrina Foley, Mayor



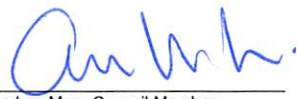
John Stephens, Mayor Pro-Tem



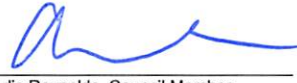
Sandra Genis, Council Member



Allan Mansoor, Council Member



Andrea Marr, Council Member



Arlis Reynolds, Council Member



Manuel Chavez, Council Member

Transparency in Labor Negotiations Fiscal Impact Analysis Certification

City of Costa Mesa Council Policy 300-8 states:

2. Economic Analysis

- a. The Finance Director shall prepare an economic analysis on the fiscal impacts of each term and condition of employment made available to the members of all recognized employee organizations. The economic analysis must be verified by an independent auditor.
- b. The economic analysis shall be updated with each proposal and counterproposal presented throughout the negotiation process and posted on the website along with all proposals and counter proposals.
- c. The economic analysis shall be prepared in the format shown on Attachment A and shall include written council member acknowledgment that the analysis has been reviewed by the council member.

Certification:

In accordance with this section, Lance, Soll & Lunghard, LLP has reviewed the fiscal impact analysis related to the February 1, 2020 CMFA Proposal #4 prepared by the City and believe that they accurately reflect the fiscal impacts of the proposal.



Bryan Gruber, CPA
Partner, Lance, Soll & Lunghard, LLP